

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 225058

44

ORIGIN EB-06

INFO OCT-01 EUR-08 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

 DOTE-00 INR-05 NSAE-00 RSC-01 FAA-00 PM-03 H-01 L-01

 NSC-05 PA-01 PRS-01 SP-02 SS-20 USIA-06 TRSE-00 /063 R

DRAFTED BY EB/AN:MHSTYLES:TP

APPROVED BY EB/TT:JSMEADOWS

EUR/RPE - MR. BEIGEL

EUR/NE - MR. DAWKINS

EUR/CE - MR. FLATIN

EUR/NE - MISS PINKNEY

----- 106113

R 112051Z OCT 74

FM SECSTATE WASHDC

TO AMEMBASSY OSLO

AMEMBASSY COPENHAGEN

AMEMBASSY STOCKHOLM

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY BERN

INFO AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY VIENNA

LIMITED OFFICIAL USE STATE 225058

E.O. 11652: N/A

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 225058

TAGS: EAIR, XG

SUBJECT: CIVAIR-TRANSATLANTIC AIRLINE CAPACITY

1. FOLLOWING IS FOR BACKGROUND INFO PURPOSES ONLY.
EXCEPT FOR FYI PORTIONS, POSTS MAY DRAW ON THIS BACKGROUND
IN RESPONDING TO INQUIRIES.

2. ON SEPTEMBER 18, SECRETARY TRANSPORTATION ANNOUNCED
SEVEN POINT ACTION PROGRAM APPROVED BY PRESIDENT DESIGNED
TO IMPROVE COMPETITIVE CLIMATE IN WHICH PAN AM AND OTHER
US INTERNATIONAL AIRLINES OPERATE. THIS PROGRAM IS IN
LIEU OF SUBSIDY REQUESTED BY PAN AM (AND TWA) WHICH BOTH
ADMINISTRATION AND CAB HAVE DENIED. ONE OF POINTS IS TO
REDUCE EXCESS TRANSATLANTIC CAPACITY (SUCH AS HAS ALREADY
BY AGREEMENT BEEN DONE FOR UPCOMING WINTER SEASON IN UK,
ITALY AND GREEK MARKETS) AND TO CORRECT SITUATIONS WHERE
FOREIGN AIRLINES ARE OPERATING CAPACITY IN EXCESS OF
RIGHTS PROVIDED IN BILATERAL AGREEMENTS. AIRLINES WHICH
FALL IN LATTER CATEGORY ARE LOFTLEIDIR, KLM, SABENA,
SWISSAIR AND SAS, ALL OF WHOM CARRY LARGE PROPORTION OF
SO-CALLED SIXTH FREEDOM TRAFFIC, THAT IS, TRAFFIC CARRIED
BETWEEN US AND POINTS BEHIND HOMELAND OF AIRLINE VIA HOME-
LAND. BY RELYING HEAVILY ON SUCH TRAFFIC, THEY ARE ABLE
OFFER MORE TRANSATLANTIC CAPACITY THAN WOULD BE WARRANTED
IF THEY RELIED MAINLY ON US-HOMELAND TRAFFIC (AS
BILATERALS REQUIRE) AND THEY THEREBY CAN OUT-SCHEDULE

AND OUT-PERFORM US AIRLINES. IN TOTAL, ABOUT HALF OF
TRAFFIC OF THESE AIRLINES IS SIXTH FREEDOM HAVING A TOTAL
ANNUAL VALUE OF ABOUT 180 MILLION DOLLARS. LOFTLEIDIR
IS HEAVIEST SIXTH FREEDOM AIRLINE, FOLLOWED IN DESCENDING
ORDER BY KLM, SABENA, SWISSAIR, AND SAS.

3. AS FIRST STEP IN ATTEMPTING RECTIFY THIS SITUATION,
USG HAS REQUESTED CONSULTATIONS WITH NETHERLANDS,
SWITZERLAND, BELGIUM, AND THREE SCANDINAVIAN COUNTRIES
(DENMARK, NORWAY, SWEDEN). DUTCH TALKS WILL BEGIN
OCTOBER 21 IN HAGUE AND SWISS TALKS DECEMBER 16 IN
WASHINGTON, OTHERS NOT YET SCHEDULED BUT SHOULD BE HELD
WITHIN 60 DAYS (I.E. BY ABOUT END NOVEMBER), AS PROVIDED
IN BILATERAL AIR TRANSPORT AGREEMENTS. USG HAS NOT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 225058

REQUESTED CONSULTATIONS WITH ICELAND. FYI. CONSULTATIONS
OR OTHER STEPS WITH REGARD LOFTLEIDER RAISE SPECIAL P.O.-
LEMS REQUIRING FURTHER USG EXAMINATION. END FYI.

4. IF CONSULTATIONS DO NOT RESULT IN AGREEMENT TO REDUCE
CAPACITY OF FOREIGN AIRLINES BY AMOUNTS US BELIEVES ARE
APPROPRIATE, CAB HAS AUTHORITY, SUBJECT PRESIDENTIAL
VETO, TO SUSPEND FOREIGN AIRLINE SCHEDULES IN ORDER

BRING THEM INTO CONFORMANCE WITH BILATERAL AGREEMENTS.
FYI. EXTENT TO WHICH US WILL PROCEED TO TAKE UNILATERAL
ACTION WILL BE DETERMINED ON BASIS ALL RELEVANT FACTORS
IN EACH CASE. END FYI.

5. IT SHOULD BE NOTED THAT, IF CAPACITY OF SIXTH FREEDOM
AIRLINES IS REDUCED, BENEFICIARIES WILL BE NOT ONLY US
AIRLINES BUT ALSO OTHER EUROPEAN AIRLINES WHO CAN SHARE
IN CARRYING THE DISPLACED SIXTH FREEDOM TRAFFIC. INGERSOLL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, PASSENGER TRANSPORTATION, AIRLINES, AVIATION AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE225058
Document Source: CORE
Document Unique ID: 00
Drafter: MHSTYLES:TP
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740291-0571
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741051/aaaabrof.tel
Line Count: 124
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 20 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 MAR 2002 by martinml>; APPROVED <22 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR-TRANSATLANTIC AIRLINE CAPACITY
TAGS: EAIR, XG, PANAM, TWA, CAB
To: OSLO MULTIPLE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005